Leadership
The Next Productivity Frontier
The Foundation is the only research organization dedicated solely to the equipment finance industry.

The Foundation accomplishes its mission through development of future-focused studies and reports identifying critical issues that could impact the industry.

The Foundation research is independent, predictive and peer-reviewed by industry experts. The Foundation is funded solely through contributions. Contributions to the Foundation are tax deductible.

Equipment Leasing & Finance Foundation
1825 K STREET • SUITE 900
WASHINGTON, DC 20006
WWW.LEASEFOUNDATION.ORG
202-238-3429
KELLI JONES NIENABER, EXECUTIVE DIRECTOR
Table of Contents

EXECUTIVE SUMMARY ..................................................................................................................................................................................1
  Overview of the Methodology ........................................................................................................................................................................1
Summary of the Key Findings ..................................................................................................................................................................................2
  ELF Industry Leadership is Moderately Effective ..................................................................................................................................2
  Effective Leadership has a Positive Impact on Organizational Performance ..............................................................................................3
  Development of Effective Leaders Requires Effort ...................................................................................................................................3
  Development of Tomorrow’s Effective Leadership Needs to Begin Today ..................................................................................................4
METHODOLOGY ..................................................................................................................................................................................................5
  Study Sample ..................................................................................................................................................................................................5
  Data Collection ................................................................................................................................................................................................5
    Individual Interviews .........................................................................................................................................................................................5
    Document and Extant Data Review .........................................................................................................................................................6
    Leadership Culture Survey ........................................................................................................................................................................6
Data Analysis ......................................................................................................................................................................................................8
EFFECTIVENESS OF ELF LEADERSHIP ..............................................................................................................................................................9
  Ideal Leadership Effectiveness ......................................................................................................................................................................9
    Leadership Competencies that are Most Important for Success in the ELF Industry ..........................................................................10
    Competencies that Differentiate the Ideal Leadership in the ELF Industry Compared to Other Industries .............................................10
  Actual Leadership Effectiveness .................................................................................................................................................................11
    Effectiveness of ELF Industry Leadership Compared with Leadership from All Other Industries ........................................................11
    Gap between Actual Performance and Ideal Performance in the ELF Industry ....................................................................................13
    Profiles of the Most and Least Effective Leadership Cultures ................................................................................................................15
IMPACT OF EFFECTIVE LEADERSHIP ............................................................................................................................................................16
  Correlation of Leadership Effectiveness with Impact on Organizational Performance .......................................................................17
Challenges to Leadership’s Impact on Organizational Performance ........................................................................................................18
DEVELOPING EFFECTIVE LEADERSHIP ............................................................................................................................................................19
  Commitment to Leadership Development ....................................................................................................................................................19
    Leadership Development as an Organizational Priority ......................................................................................................................19
    Investment in Leadership ............................................................................................................................................................................20
  Current Professional Development Practices ...............................................................................................................................................21
    Development Approach ..............................................................................................................................................................................22
    Content of Professional Training ...........................................................................................................................................................24
Satisfaction with Development Efforts ..........................................................................................................................................................25
Challenges to Leadership Development ..........................................................................................................................................................26
THE FUTURE OF ELF INDUSTRY LEADERSHIP ..................................................................................................................................................27
  Challenges Leadership Must Address to be Successful in the Future ......................................................................................................27
    Leading in a Changing Environment ....................................................................................................................................................27
    Attracting and Retaining Qualified Talent ...........................................................................................................................................27
    The Generational Leadership Gap ........................................................................................................................................................27
Leadership’s Ability to Manage Ongoing and Future Challenges ...............................................................................................................28
Ensuring Sustainable Productivity .................................................................................................................................................................29
Future Research ..................................................................................................................................................................................................29
ACKNOWLEDGEMENTS ................................................................................................................................................................................................31
ABOUT THE RESEARCHERS .................................................................................................................................................................................32
"It's always about the people"
- Jim McGrane, Honored Equipment Leasing and Finance Industry Leader

Leadership makes a difference. This study is dedicated to the memory of one of our industry's great leaders, my friend and business partner, the late Jim McGrane. People wanted to succeed for Jim because Jim invested in people. Leadership development is an investment. It is an ongoing commitment to increase an organization's capacity for success. As leaders we are called to be stewards. It's our hope that this project will advance our collective awareness, knowledge and focus on this important discipline - today and into the future. That's a legacy that would make Jim proud.

Richard D. Gumbrecht, Chairman of the Equipment Leasing & Finance Foundation
EXECUTIVE SUMMARY

In today’s complex and volatile environment, it is increasingly important for equipment leasing and finance (ELF) companies to develop the leadership capability and capacity that continues to elevate performance well into the future. ELF organizations need to understand how they can rise to the occasion, look past what has previously worked, and find new ways to meet the escalating challenges. We believe that effective leadership holds the key to successfully capitalize on the opportunities embedded in today’s complexity.

The purpose of this study is to determine the current level of effectiveness of leaders in the ELF industry and to identify how the degree of effectiveness relates to impact on organizational performance. This study further investigates the strategies and techniques used in professional development to identify the best practices related to creating and enhancing leadership effectiveness. Finally, the study identifies the specific management challenges that future leaders must address to promote and ensure organizational and industry success.

Overview of the Methodology
The research team conducted individual interviews with 32 executives from 26 ELF organizations to assess perceived impact of leadership, importance of leadership development, current professional development efforts, and expectations for the future. The breakdown of organization types is provided in the next table. (Note: Information on Service Provider annual volume was not collected.)

The research team also reviewed organizational documents (e.g., annual reports) and extant data (e.g., KPIs) from the lessor organizations to evaluate current organizational performance. Finally, the team administered the Leadership Culture SurveyTM to 162 leaders in 17 lessor organizations. This instrument validly and reliably measures both ideal and actual leadership effectiveness and provides a percentile score that compares performance results with that of a nationally normed database of leaders from across industries. Leadership performance scores were correlated with ratings of leadership impact on organizational performance. Additional analyses were conducted to determine the areas of impact as well as the specific leadership development practices that differentiated ELF organizations with the most and the least effective leadership cultures.

<table>
<thead>
<tr>
<th>Type of Organization</th>
<th>Total</th>
<th>&lt;$100MM</th>
<th>$100-500MM</th>
<th>&gt;$500MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lessor Organizations</td>
<td>20</td>
<td>7</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Captives</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Independents</td>
<td>10</td>
<td>5</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Bank/Bank-Owned</td>
<td>8</td>
<td>0</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Service Providers</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consulting Firm</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive Recruiter</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software Provider</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
LEADERSHIP – The Next Productivity Frontier

Summary of the Key Findings

**ELF Industry Leadership is Moderately Effective**
The results from the Leadership Culture Survey revealed that ELF industry leadership, as a whole, is moderately effective, outperforming slightly more than half of all leaders from across industries. The relative strengths of the ELF leadership compared to other leaders include:

- **Composure** – remain calm under pressure and maintain high performance in spite of stressful environments
- **Integrity** – “walk the talk” and deal with others honestly and fairly
- **Personal Learner** – demonstrate a strong and active interest in learning and personal and professional growth
- **Achieving** – are goal directed and have a track record of goal achievement and high performance

Although average leadership performance in the ELF industry did not show any significant weaknesses compared with the performance of other industry leaders, there are significant gaps in performance compared to industry ideals. Leaders in the ELF organizations included in this study were asked to rate the desired level of leadership performance on each of the creative competencies included in the Leadership Culture Survey. An analysis of these scores revealed the top 10 competencies that are most desirable in ELF leadership. This “ideal performance” was then compared with actual performance and the results are shown in the following graph.

![Graph showing gaps in leadership performance on the 10 competencies ranked as most desirable in ELF leadership.](image)

The largest gap between the average actual performance and the ideal performance occurs for the Sustainable Productivity competency (as denoted by the red arrow in the graphic). This competency measures leadership’s ability to achieve results in a way that maintains or enhances the overall long-term health of the organization. The large gap in performance on this competency suggests that some ELF leadership cultures may be requiring employees to work day-to-day with high demands, limited vision, and inadequate resources. Leaders who are challenged in this area tend to produce results at the expense of those doing the work – empowerment and learning are sacrificed for temporary productivity. This can take on the form of “crisis management,” and become a way of life that reduces morale and drives away quality talent.
It is important to note that not all ELF leadership cultures struggle in the area of Sustainable Productivity. As the graph illustrates, there are leadership cultures which actually meet the ideal (as evidenced by the overlap between the purple and blue lines in the graph). Leaders in these highly effective cultures are able to balance human and technical resources so that long-term high performance is sustainable. They maintain a long-term perspective that permits the organization to build upon achievements as opposed to simply maximizing temporary gains. Further, they not only set high standards, but also provide support in meeting them and celebrate reaching milestones in the longer journey – in this way the organization is able to sustain productivity without exhausting its human capital.

Across ELF organizations, there are leadership cultures which excel in almost every competency (their performance comes close to or meets the ideal) suggesting that ELF leaders are capable of developing into highly effective leaders. However, there are also leadership cultures that struggle with many or most of the competencies (as noted by the extreme gaps between the lowest performance and ideal), suggesting that effective development practices are not universal. On average, there is room for improving leadership effectiveness in all areas.

**Effective Leadership has a Positive Impact on Organizational Performance**

The level of leadership effectiveness correlates highly (r = .73, p < .002) with impact on organizational performance. This finding suggests that the more effective the leadership culture, the more likely that the organization is productive. Other evidence of this relationship comes from comparing the organizational performance of the most and least effective cultures, as has been done in the following table. As the table illustrates, effective leadership can have a profound effect on organizational performance.

<table>
<thead>
<tr>
<th>Most Effective ELF Cultures</th>
<th>Least Effective ELF Cultures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in revenue in the last year averaged 11%</td>
<td>Growth in revenue in the last year averaged 2.7%</td>
</tr>
<tr>
<td>Turnover rates averaged less than 3%</td>
<td>Turnover rates averaged close to 6%</td>
</tr>
<tr>
<td>High employee satisfaction (typically in the 90-95% range) and good customer satisfaction</td>
<td>Often don’t measure employee or customer satisfaction and/or results are only moderately high</td>
</tr>
<tr>
<td>Innovative and quick to adapt</td>
<td>Slow to respond to changing conditions</td>
</tr>
<tr>
<td>Have leaders in the pipeline</td>
<td>Have no succession plan</td>
</tr>
<tr>
<td>High quality leaders at all levels in the organization</td>
<td>High quality leaders only at the top; middle management struggling</td>
</tr>
<tr>
<td>Candid, frequent communications that keep everyone informed</td>
<td>Inauthentic communications that hide results</td>
</tr>
<tr>
<td>Culture is unified and strategically aligned</td>
<td>Culture is fractionated and leaders are working in silos</td>
</tr>
</tbody>
</table>

**Development of Effective Leaders Requires Effort**

Findings from the analysis of “best practices” in ELF professional development suggest several criteria for developing effective leaders.

- The best leadership development begins with a strong commitment and becomes an organic part of the organizational identity
  - Leadership development is one of the “Top 5” priorities for the organization
  - The organization has a clearly articulated strategy and organization-wide goals, and strongly encourages or requires everyone to participate
  - Leadership development is part of the performance review process
  - Operating budgets include monies committed to leadership development
  - The organization has identified internal resources or external partners who are dedicated to facilitating development
• Leadership development is informed and intentional
  - Leadership performance is “regularly” assessed and used to tailor leadership training
  - The focus is on development and not just tactical training – this includes assessing where the current gaps in leadership effectiveness exist
  - Potential leaders are identified and placed into accelerated development programs
• Leadership requires time and practice to fully develop and these experiences may take many forms
  - On average, leaders benefit from two weeks of dedicated time to development work
  - A heavy emphasis should be placed on the use of Peer Coaching and Mentoring
  - Individual development work is more effective when individuals create and receive feedback on personalized development plans
• Leadership development needs to focus on collective leadership, not just individuals
  - Common development goals and training should be cascaded throughout the organization – there may be specific training for some areas or levels of leadership, but there should also be unifying goals that everyone is working toward
  - Leaders should regularly meet together to discuss development issues and hold one another accountable for results

**Development of Tomorrow’s Effective Leadership Needs to Begin Today**

When executives were asked about the challenges leadership will need to address to ensure the future success of their organization and the industry as a whole, three common themes emerged.

• Leading in a changing environment – maintaining a long-term perspective while creatively adapting to new technologies, regulations, acquisitions, and global demand
• Attracting and retaining qualified talent – ensuring the right people are in the right jobs and that they have the appropriate grounding in the industry
• The generational leadership gap – the need to develop the leadership skills of millennials to fill the void that will soon be left by the exodus of a “graying cadre of leaders”

Each of these challenges underscores the importance of launching an intensive leadership development program that provides opportunities for the younger generation to learn from more experienced leaders and to develop the skills that will impact organizational performance. ELF organizations that have a high quality of leadership development are more likely to grow competent leaders, and leaders who possess strong creative competencies are more likely to foster a thriving culture in which productivity soars. Thus, the sooner development work begins, the greater the likelihood that sustainable productivity will be achieved.
METHODOLOGY

The research questions that guided this study include:

- To what extent is ELF industry leadership effective?
  - What leadership competencies and behavioral styles are desired in an effective leadership culture? How do these skills differ from what is desirable in other industries?
  - How does ELF leadership performance compare with the performance of leaders in other industries? What are the strengths and challenges of ELF leadership?
  - To what extent is there a gap between actual performance and desired performance? In what areas is the gap largest?
  - What differentiates more and less effective leadership cultures within the ELF industry?

- What impact is ELF leadership having on organizational performance?
  - What leadership practices influence organizational performance?
  - What are the differences in organizational performance of more and less effective leadership cultures?
  - What other factors influence organizational performance and affect leadership’s impact?

- How is ELF leadership developed?
  - How committed (in terms of priority and investment) are organizations to leadership development?
  - What training approaches are currently used?
  - What are the best practices for developing effective leaders?
  - What other factors influence leadership development?

- What are the considerations for increasing leadership effectiveness in the future?
  - What management challenges must future leaders address?
  - How confident are executives that leadership can meet these challenges? How does this confidence relate to leadership effectiveness?
  - What recommendations/lessons learned from more effective leadership cultures can be broadly applied to all organizations?

To answer these questions, we conducted a correlation study employing a mixed methods design in which both qualitative and quantitative data were collected using multiple methods. A mixed methods design provides richness and detail to the study, clarifies and illustrates quantitative results, and provides multiple measures of specific variables.

Study Sample

To ensure that the findings would have industry-wide application, we selected a representative sample of organizations from across the ELF industry. Data were collected from 20 lessor organizations including Captives (two), Banks/bank-owned (eight), and Independents (ten). The distribution of these organizations spanned small (seven), mid-sized (six), and large organizations (seven), based on annual volume. In addition, we collected data from six Service Providers who predominantly or exclusively service the ELF industry as software providers, insurance underwriters, talent recruiters, and/or consultants.

Data Collection

We used three methods of data collection. Not all collection methods were used with each organization. Service Providers participated in the interview phase only and their information was used to supplement the findings by providing an outside perspective. In addition, three lessor organizations opted to not participate in the surveying of leadership culture.

Individual Interviews

Individual interviews were conducted with 32 top executives (e.g., CEO, President, VP of Human Resources) from across the 26 organizations. The focus of the interviews included collecting information on:

- Leadership practices that impact organizational performance
- Importance of leadership development
- Current professional development effort
- Expectations for the future
Document and Extant Data Review
To supplement the feedback that executives provided on organizational performance, we reviewed available documents (e.g., annual reports, web blogs from the CEO) and extant data (e.g., employee survey responses, KPI results) for the majority of the lessor organizations. Data were not always captured in the same way, and so we converted findings to a common metric. For example, customer satisfaction might be captured on a 10-point rating scale in one organization and a 5-point scale in another organization, and as a qualitative HR report in yet another organization. Regardless of format, we classified each result as "excellent," "good," "mediocre," or "poor" depending on the verbal descriptor or percentage of scaled points obtained.

In some instances, an organization did not collect a particular type of data, did not have easy access to the data and/or was unwilling to share the requested information. In these situations, we used group averages to replace the missing data.

Leadership Culture Survey
To assess leadership effectiveness, we administered the Leadership Culture Survey to the top two tiers of leadership in 17 ELF organizations (note that for small companies, this may have included all leaders within the organization). In total, 162 leaders responded to the survey.

The Leadership Culture Survey is a published and validated assessment instrument that measures both current culture and the desired culture. This requires respondents to answer the same 62 questions twice – once for the way things are, and once for the way they want them to be. The result of the assessment is a profile of leadership effectiveness for a specific culture/organization and scores reflect the percentile ranking for that culture compared to a normative sample of thousands of leaders from across all industries.

The assessment measures leadership effectiveness from two perspectives: creative competencies that allow an organization to thrive and reactive styles that inhibit leadership impact. Each creative competency and reactive style is based on multiple items that require respondents to rate the extent to which specific behaviors and skills are expressed. Summary descriptors of these behaviors and skills are provided below. Although not all creative competencies and reactive styles may be equally important to ELF leadership success, research has indicated that all play a role in overall leadership effectiveness.

Creative Competencies
The assessment measures 20 creative competencies that have been shown to positively relate to leadership effectiveness ($r = .93$). These competencies are divided into five dimensions.

The **Relating Dimension** measures leaders’ capabilities to relate to others in a way that brings out the best in people, groups, and organizations.
- **Caring Connection** measures leadership’s interest in and ability to form warm, caring relationships.
- **Fosters Team Play** measures leadership’s ability to foster high-performance teamwork across the organization.
- **Involvement** measures how well leaders involve people in decision making and planning.
- **Collaborator** measures the extent to which leaders model and create a culture that encourages collaboration within teams and across the organization.
- **Mentoring & Developing** measures leaders’ abilities to develop others through mentoring, maintain growth-enhancing relationships, and help people grow and develop personally and professionally.
- **Interpersonal Intelligence** measures the interpersonal effectiveness with which leaders listen, engage in conflict and controversy, deal with the feelings of others, and manage their own feelings.

The **Self-Awareness Dimension** measures leaders’ orientation to ongoing professional and personal development. It also measures the extent to which the culture encourages the kind of personal/professional development that results in personal mastery.
- **Selfless Leader** measures the extent to which leaders pursue service over self-interest, where the need for credit and personal ambition is far less important than creating results, which serve a common good.
- **Balance** measures leadership’s ability, in the midst of the conflicting tensions of modern life, to keep a hearty balance between business and family, activity and reflection, work and leisure. It measures the extent to which the organization supports others in maintaining this healthy balance.
**Composure** measures leaders’ abilities, in the midst of conflict and high-tension situations, to remain composed and centered, and to maintain a calm, focused perspective.

**Personal Learner** measures the degree to which leaders demonstrate a strong and active interest in learning, personal and professional growth, as well as the extent to which they support this in the organization.

The **Authenticity Dimension** measures leaders’ capabilities to relate to others in an authentic, courageous, and high-integrity manner. It measures the extent to which leadership is authentic – not masked by organizational politics, looking good, winning approval, etc.

- **Integrity** measures how well leaders adhere to the set of values and principles that they espouse; that is, how well they can be trusted to “walk their talk.”
- **Courageous Authenticity** measures leaders’ willingness to take tough stands, bring up the “un-discussibles” (risky issues the group avoids discussing), and openly deal with difficult relationship problems.

The **Systems Awareness Dimension** measures the degree to which leaders’ awareness is focused on whole systems improvement and on community welfare.

- **Customer Focus** measures the extent to which customer satisfaction is the focus of the business and extent to which customers are invited to shape organizational direction, decisions, and processes.
- **Community Concern** measures the service orientation from which leaders lead. It measures the extent to which they link their legacy to service of community and global welfare.
- **Sustainable Productivity** measures the organization’s ability to achieve results in a way that maintains or enhances the overall long-term effectiveness of the organization.
- **Systems Thinker** measures the degree to which leaders think and act from a whole systems perspective, as well as the extent to which they make decisions in light of the long-term health of the whole system.

The **Achieving Dimension** score reflects the extent to which leaders provide visionary purpose, create strategic focus, and set high performance standards.

- **Strategic Focus** measures the extent to which leaders establish and follow a thorough discipline of strategic planning that focuses the organization on the “right stuff.”
- **Purposeful & Visionary** measures the extent to which leadership provides a clearly communicated organizational purpose and vision. It measures how well they align the organization by modeling commitment to this direction.
- **Achieves Results** measures the degree to which the organization is goal directed and has a track record of goal achievement and high performance.
- **Decisiveness** measures leaders’ abilities to make decisions on time, and the extent to which they are comfortable moving forward in uncertainty.

**Reactive Styles**

The survey also measures 11 reactive styles that have been shown to negatively relate to leadership effectiveness ($r = -0.68$). The reactive styles are divided into three dimensions.

The **Controlling Dimension** measures the extent to which leaders’ sense of worth is derived through task accomplishment and personal achievement.

- **Perfect** measures the extent to which leaders push those around them to attain flawless results and perform to extremely/excessively high standards. This push is often driven by an inordinate need to look good and/or fear of failure.
- **Driven** measures the extent to which leaders are in overdrive. It measures the extent to which leaders, by example, encourage workaholic levels of effort.
- **Ambition** measures the extent to which leaders compete with one another out of a need to get ahead, move up in the organization, and be better than others.
- **Autocratic** measures leadership’s tendency to be overly forceful, aggressive and controlling. It measures the extent to which leaders’ use of power is exercised at the expense of people/team development and at the expense of high performance.

The **Protecting Dimension** measures how leaders act to protect themselves and establish a sense of security by emotionally withdrawing and remaining distant, hidden, aloof, cynical, superior, and/or rational.
The Next Productivity Frontier

- **Arrogance** measures leadership’s tendency to project a large ego – behavior that is experienced as superior, egotistical, and self-centered.
- **Critical** measures leadership’s tendency to take a harshly critical, questioning, and cynical attitude that hurts people’s feelings and diminishes their self-confidence.
- **Distance** measures leadership’s tendency to protect themselves through a strategy of withdrawal, being superior and remaining aloof, emotionally distant, and above it all.

The **Complying Dimension** measures the extent to which leaders get a sense of self-worth and security by complying with the expectations of others rather than acting on what they intend and want.
- **Passive** measures the degree to which leaders have given away their power to others and to circumstances outside of their control. It is a measure of the extent of leadership’s powerlessness and not taking accountability for and ownership of results.
- **Belonging** measures leadership’s need to play it safe, go along to get along, conform, follow the rules, and meet the expectations of those in authority.
- **Pleasing** measures leadership’s need to seek others’ support and approval in order to feel secure in acting or speaking up. It is a measure of the extent to which harmony is pursued at the expense of achieving results.
- **Conservative** measures the extent to which leaders think and act conservatively, follow procedure, and live within the prescribed rules of the organization. It is a measure of how much emphasis is placed on establishing and following procedures and rules.

**Summary Measures**
The leadership quality ratings are summarized into two distinct measures that bring together all of the dimensions outlined above and illustrate the various ways in which leaders show up in the organization. Both of these summary measures correlate quite highly ($r = .86$) with overall leadership effectiveness.

- **Reactive-Creative Scale** – this summary score statistic measures the amount of energy the leadership culture puts into reactive versus creative behavior. It also suggests the degree to which leaders’ self-concepts and inner motivations come from within or are determined by external expectations, rules, or conditions. The higher the score, the more creative the leadership culture.

- **Relationship-Task Balance** – this summary score statistic measures the degree of balance leadership shows between the achievement competencies and the relationship competencies. It indicates whether or not leaders favor tasks over people, or vice versa. The higher the score, the better balance leaders exhibit.

**Data Analysis**
Both qualitative and quantitative analyses of data were conducted. The descriptive examples from document reviews and individual interview transcripts were analyzed using matrix analysis, a method for finding key themes in qualitative data. Using the method of triangulation, common themes from multiple sources of data were identified. All common themes, as well as specific examples that highlight or further delineate themes, are provided in the findings that follow in this report.

Descriptive statistical analyses (e.g., frequencies, means, and cross-tabulations) were conducted on the quantitative data coming from the interviews, document reviews, and the Leadership Culture Survey. The results of these analyses were used to summarize the extent of impact, to isolate trends, and to record the strength of endorsement (or sentiment) behind ratings. Pearson product-moment correlations were conducted for ratings of leadership effectiveness and ratings of impact on organizational performance.

In addition, comparative group analyses were conducted using inferential statistics to determine differences in the perceptions and performance of various groups. Specifically, all quantitative results were broken down by organization type, organization size, and most and least effective leadership cultures. Group averages are reported in later sections of this report for only those findings where there were statistically significant differences. When the finding was not significant, only the aggregated results are presented.
EFFECTIVENESS OF ELF LEADERSHIP

The results from the Leadership Culture Survey yielded a profile of both the ideal and the actual effectiveness of the leadership culture within each organization. These profiles were then aggregated to provide a measure of the effectiveness of ELF industry leadership as a whole. In addition, the interpretation guide provided with the Leadership Culture Survey provides additional explanation points for those scores that are particularly high or particularly low. The interpretation points relevant to the findings from the ELF industry are provided along with the findings below.

Ideal Leadership Effectiveness

The ELF industry has high expectations of its leadership, as indicated in the next graphic. (The reader is reminded that a description of the dimensions included in the graphic is provided in the methodology section of this report.)

The industry desires a leadership culture that is highly creative and non-reactive (as can be noted by the larger shaded areas in the top half of the graph as compared with the bottom half of the graph). That is, they desire leadership that will create a highly fulfilling, high achieving culture, and leaders who lead with a focused vision and a commitment to the future. The industry desires leaders who lead from a creative orientation, characterized by innovation, as opposed to leaders who simply react to what they don't want to occur. Rather than focusing predominantly on reducing threats, eliminating problems and reacting to external circumstances, the industry desires leaders who create a compelling vision and empower everyone to do their best in making it a reality.

Further, the industry desires leaders who balance relationships and tasks (as evidenced by the nearly symmetrical shading between the left and right halves of the graph) and who demonstrate high levels of competence in both domains. The industry desires leaders who can form effective, growth enhancing, and synergistic relationships, while at the same time setting high standards and achieving results.
Leadership Competencies that are Most Important for Success in the ELF Industry
An analysis of the relative ranking among the underlying creative competencies revealed the top 10 most desired by the industry, as provided in the table below. (Note that the title of the creative competency serves as a summarized referent to multiple behaviors, which are described more completely in the methodology section.) It can be assumed that ELF cultures with high levels of performance in these leadership competencies will be successful.

Top Ten “Ideal” Leadership Competencies

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sustainable Productivity (Systems Awareness)</td>
</tr>
<tr>
<td>2.</td>
<td>Decisiveness (Achieving)</td>
</tr>
<tr>
<td>3.</td>
<td>Fosters Team Play (Relating)</td>
</tr>
<tr>
<td>4.</td>
<td>Strategic Focus (Achieving)</td>
</tr>
<tr>
<td>5.</td>
<td>Purposeful &amp; Visionary (Achieving)</td>
</tr>
<tr>
<td>6.</td>
<td>Interpersonal Intelligence (Relating)</td>
</tr>
<tr>
<td>7.</td>
<td>Mentoring &amp; Developing (Relating)</td>
</tr>
<tr>
<td>8.</td>
<td>Composure (Self-Awareness)</td>
</tr>
<tr>
<td>9.</td>
<td>Personal Learner (Self-Awareness)</td>
</tr>
<tr>
<td>10.</td>
<td>Courageous Authenticity (Authenticity)</td>
</tr>
</tbody>
</table>

The competency with the highest desired performance level is Sustainable Productivity, which measures leadership’s ability to balance human and technical resources so that long-term high performance is sustainable. High scores in this competency suggest that the industry desires leaders who maintain a long-term perspective that permits the organization to build upon achievements as opposed to simply maximizing temporary gains. The industry desires leaders who not only set high standards, but also provide support in meeting them and celebrate reaching milestones in the longer journey. In this way the organization is able to sustain productivity without exhausting its human capital.

High scores in the other nine competencies suggest that the ELF industry desires leaders who focus not only on achieving tasks, but also on the relationships necessary for completing tasks. The industry desires leaders with skills in developing individuals and teams, creating a supportive climate that inspires others to strive and improve, and establishing cooperative collaborations through effective communication and interpersonal abilities. In addition, it desires leadership that can create a compelling vision, translate that vision into strategies, strategies into goals, and goals into actions that achieve results.

Competencies that Differentiate the Ideal Leadership in the ELF Industry Compared to Other Industries
The ideal performance for each competency was compared to the ratings of ideal performance of leadership in other industries to determine what competencies may distinguish ELF leaders. The results of this analysis suggest that there are nine competencies in which ELF industry expectations are higher than a majority of other industries, as presented in the table below. (Note that the percentile rating reflects the percentage of leadership cultures across all industries that have a lower ideal score for that competency.)

It is noteworthy that those competencies that are most important to ELF industry leadership success are more uniquely important to this industry compared to a majority of other industries. This finding has implications for recruiting and developing effective ELF leaders. When bringing in leaders from outside the industry, recruiters will want to pay particular attention to those with the skills associated with the 10 competencies noted in the above table. Further, leadership development efforts are likely to be most successful if they focus on these competencies both for new and experienced leaders.
Actual Leadership Effectiveness

Effectiveness of ELF Industry Leadership Compared with Leadership from All Other Industries

The actual performance of ELF leadership is captured in the next graphic. The scores within the graphic reflect the percentile ranking of ELF leadership based on a national normative sample of leaders from across industries.
As can be seen, ELF leadership as a whole is reasonably strong on most creative dimensions as compared to other leaders from across industries (with performance scores above the 66th percentile for three of the five dimensions). However, in terms of reactive styles, ELF leadership scores more similarly to other leaders with performance falling in the average percentile range (34%-66%). The Reactive-Creative Scale score summarizes these two domains of leadership, and as the next table shows, the summary score for ELF leadership is comparable to other industry leadership.

<table>
<thead>
<tr>
<th>Dimension / Summary Measure</th>
<th>Average Score</th>
<th>Standard Deviation</th>
<th>Range of Scores</th>
<th>ELF Cultures with Low Scores*</th>
<th>ELF Cultures with High Scores*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summary Measures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship-Task Balance</td>
<td>61%</td>
<td>± 16%</td>
<td>35% - 89%</td>
<td>0%</td>
<td>42%</td>
</tr>
<tr>
<td>Reactive-Creative Scale</td>
<td>58%</td>
<td>± 14%</td>
<td>30% - 75%</td>
<td>8%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Creative Dimensions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-Awareness</td>
<td>70%</td>
<td>± 9%</td>
<td>59% - 85%</td>
<td>0%</td>
<td>75%</td>
</tr>
<tr>
<td>Authenticity</td>
<td>69%</td>
<td>± 10%</td>
<td>57% - 89%</td>
<td>0%</td>
<td>50%</td>
</tr>
<tr>
<td>Achieving</td>
<td>67%</td>
<td>± 12%</td>
<td>44% - 89%</td>
<td>0%</td>
<td>58%</td>
</tr>
<tr>
<td>Relating</td>
<td>66%</td>
<td>± 13%</td>
<td>51% - 91%</td>
<td>0%</td>
<td>33%</td>
</tr>
<tr>
<td>Systems Awareness</td>
<td>62%</td>
<td>± 16%</td>
<td>35% - 93%</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Reactive Dimensions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protecting</td>
<td>36%</td>
<td>± 13%</td>
<td>18% - 60%</td>
<td>58%</td>
<td>0%</td>
</tr>
<tr>
<td>Complying</td>
<td>38%</td>
<td>± 11%</td>
<td>18% - 55%</td>
<td>25%</td>
<td>0%</td>
</tr>
<tr>
<td>Controlling</td>
<td>43%</td>
<td>± 12%</td>
<td>25% - 68%</td>
<td>17%</td>
<td>8%</td>
</tr>
</tbody>
</table>

*Note: High scores represent scores above the 66th percentile; low scores represent scores below the 34th percentile.

The average scores included in the above table paint a picture of the typical ELF leadership culture and the standard deviations provide an indication of how wide is the range of scores that can be considered typical of ELF leadership. The ranges and frequencies of scores provide an indication of how pervasive specific leadership characteristics and behaviors are throughout the industry.

As the table indicates, ELF leadership in this study sample is slightly stronger than other industry leadership in terms of balance between relationships and task achievement. Almost half (42%) of the ELF organizations included in this study scored above the 66th percentile on Relationship-Task Balance and none of the organizations scored below the 35th percentile (indicating at least average level performance). It is possible that the organizations participating in this study sample may not reflect the full range of ELF leadership cultures, and there may be some cultures that are not nearly as effective; however, the finding from such a broad sample of organizations suggests that the industry as a whole is moderately effective.

The creative dimension for which ELF leadership shows the strongest performance compared to other leaders is Self-Awareness, with 75% of ELF organizations in this study scoring above the 66th percentile. High scores in this domain suggest that ELF leaders are able to maintain high performance in spite of stressful environments. They can remain calm and focused under pressure which contributes to efficiency. They also demonstrate a strong and active interest in learning and personal and professional growth.
In addition, ELF leadership on average scored higher than most leaders on the Authenticity and Achieving domains. High scores in these areas suggest that ELF leaders can be trusted to “walk the talk,” keep their commitments, and deal with others honestly and fairly. They are also goal directed and have a track record of goal achievement and high performance.

The reactive dimensions are negatively correlated with leadership effectiveness and so we would expect more effective leadership cultures to score in the lower ranges (below the 34th percentile). Although the ELF industry leadership as a whole exhibits average-level performance across all three dimensions, there are some organizations that struggle with Controlling leadership (as evidenced by 8% of the organizations in this study sample scoring above the 66th percentile on this dimension). Low scores in this area suggest that leaders may be setting unrealistic expectations that can only be achieved through heroic efforts. To surpass expectations, these leaders may have to resort to micromanaging the work or overextending resources. These leaders may also be negatively ambitious – rather than their drive to get ahead motivating progress on the interests of the organization, it may drive self-centered agendas. These leaders are typically characterized as overly competitive, pushing themselves and others too hard, and in the process compromising long-term sustainability of high performance.

In addition to the aggregated results presented in the table, we also conducted break-out analyses on various groups of ELF organizations to determine if there were any statistically significant differences in effectiveness. The results revealed no significant differences suggesting that leadership effectiveness is influenced more by the development that occurs within an organization than the type or size of the organization.

**Gap between Actual Performance and Ideal Performance in the ELF Industry**

Perhaps of more importance than how ELF leadership is performing compared to other industry leaders is the comparison of current performance against the “ideal” within the ELF industry. The gap between actual and ideal performance is depicted in the next graph.

As can be seen, there are gaps in the performance on every leadership dimension. This finding suggests that although ELF leadership on average is performing moderately well compared to other industries, it is performing well below the expectations of those in the industry. Further, these findings suggest that on average leadership within the industry could improve.

The specific areas in which additional leadership development is likely to increase effectiveness can be determined by looking at the gaps within specific competencies and reactive styles, as indicated in the next table. The gaps for the compe-
tencies that the industry identified as most important to success are highlighted in red in the table and provide a focal point for judging the areas in most need of improvement.

<table>
<thead>
<tr>
<th>Creative Competencies and Reactive Styles</th>
<th>Actual Score</th>
<th>Ideal Score</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self-Awareness Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Composure</td>
<td>73%</td>
<td>91%</td>
<td>18</td>
</tr>
<tr>
<td>Personal Learner</td>
<td>68%</td>
<td>91%</td>
<td>23</td>
</tr>
<tr>
<td>Selfless Leader</td>
<td>65%</td>
<td>77%</td>
<td>12</td>
</tr>
<tr>
<td>Balance</td>
<td>64%</td>
<td>88%</td>
<td>24</td>
</tr>
<tr>
<td><strong>Authenticity Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrity</td>
<td>70%</td>
<td>89%</td>
<td>19</td>
</tr>
<tr>
<td>Courageous Authenticity</td>
<td>66%</td>
<td>89%</td>
<td>23</td>
</tr>
<tr>
<td><strong>Achieving Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Achieves Results</td>
<td>69%</td>
<td>85%</td>
<td>16</td>
</tr>
<tr>
<td>Strategic Focus</td>
<td>66%</td>
<td>93%</td>
<td>27</td>
</tr>
<tr>
<td>Purposeful &amp; Visionary</td>
<td>66%</td>
<td>92%</td>
<td>26</td>
</tr>
<tr>
<td>Decisiveness</td>
<td>66%</td>
<td>94%</td>
<td>28</td>
</tr>
<tr>
<td><strong>Relating Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fosters Team Play</td>
<td>67%</td>
<td>93%</td>
<td>26</td>
</tr>
<tr>
<td>Collaborator</td>
<td>67%</td>
<td>84%</td>
<td>17</td>
</tr>
<tr>
<td>Interpersonal Intelligence</td>
<td>66%</td>
<td>92%</td>
<td>26</td>
</tr>
<tr>
<td>Mentoring &amp; Developing</td>
<td>66%</td>
<td>92%</td>
<td>26</td>
</tr>
<tr>
<td>Caring Connection</td>
<td>64%</td>
<td>79%</td>
<td>15</td>
</tr>
<tr>
<td>Involvement</td>
<td>61%</td>
<td>89%</td>
<td>28</td>
</tr>
<tr>
<td><strong>Systems Awareness Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Systems Thinker</td>
<td>64%</td>
<td>89%</td>
<td>25</td>
</tr>
<tr>
<td>Sustainable Productivity</td>
<td>62%</td>
<td>94%</td>
<td>32</td>
</tr>
<tr>
<td>Customer Focus</td>
<td>60%</td>
<td>75%</td>
<td>15</td>
</tr>
<tr>
<td>Community Concern</td>
<td>54%</td>
<td>78%</td>
<td>24</td>
</tr>
<tr>
<td><strong>Protecting Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arrogance</td>
<td>43%</td>
<td>21%</td>
<td>22</td>
</tr>
<tr>
<td>Critical</td>
<td>37%</td>
<td>19%</td>
<td>18</td>
</tr>
<tr>
<td>Distance</td>
<td>37%</td>
<td>19%</td>
<td>18</td>
</tr>
<tr>
<td><strong>Complying Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservative</td>
<td>49%</td>
<td>24%</td>
<td>25</td>
</tr>
<tr>
<td>Pleasing</td>
<td>43%</td>
<td>22%</td>
<td>21</td>
</tr>
<tr>
<td>Passive</td>
<td>42%</td>
<td>17%</td>
<td>25</td>
</tr>
<tr>
<td>Belonging</td>
<td>41%</td>
<td>24%</td>
<td>17</td>
</tr>
<tr>
<td><strong>Controlling Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perfect</td>
<td>59%</td>
<td>42%</td>
<td>17</td>
</tr>
<tr>
<td>Ambition</td>
<td>56%</td>
<td>49%</td>
<td>7</td>
</tr>
<tr>
<td>Driven</td>
<td>51%</td>
<td>35%</td>
<td>16</td>
</tr>
<tr>
<td>Autocratic</td>
<td>39%</td>
<td>17%</td>
<td>22</td>
</tr>
</tbody>
</table>
Interestingly, the competency that the industry felt was most necessary for success, *Sustainable Productivity*, is also the area in which current leadership is most significantly underperforming (gap of 32). This finding suggests that leadership may be requiring others to work day-to-day with high demands, limited vision, and inadequate resources. Lower scores in this area are associated with leaders who tend to take pride in “doing more with less,” and although in a highly competitive environment this may be seen as a virtue, the immediate success may undermine the long-term health of the organization. Crisis management can become a way of life that reduces morale and drives away quality talent. With this outlook, results come at the expense of those doing the work – empowerment and learning are sacrificed for temporary productivity. Pursued over time, such an approach seriously undermines visioning and encourages cynicism. Further research, focused on determining why this disparity exists, targeted development efforts for addressing this competency, and ongoing measurement to determine if the gap is widening or narrowing will be important if the ELF industry is to maintain (or even improve) productivity.

**Profiles of the Most and Least Effective Leadership Cultures**

We averaged the assessment results for the least effective ELF organizations and the most effective ELF organizations and compared the results to determine which creative and reactive dimensions best differentiated leadership effectiveness within the ELF industry. The resulting profiles are presented in the next table. As can be seen, the most effective leadership cultures are far more competent in the skills and behaviors that comprise the creative dimensions and are less reactive overall than the least effective leadership cultures.

<table>
<thead>
<tr>
<th>Dimension / Summary Measure</th>
<th>Average for Least Effective Cultures</th>
<th>Average for Most Effective Cultures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summary Measures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship-Task Balance</td>
<td>50%</td>
<td>86%</td>
</tr>
<tr>
<td>Reactive-Creative Scale</td>
<td>37%</td>
<td>69%</td>
</tr>
<tr>
<td><strong>Creative Dimensions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-Awareness</td>
<td>64%</td>
<td>85%</td>
</tr>
<tr>
<td>Authenticity</td>
<td>63%</td>
<td>88%</td>
</tr>
<tr>
<td>Achieving</td>
<td>66%</td>
<td>89%</td>
</tr>
<tr>
<td>Relating</td>
<td>53%</td>
<td>91%</td>
</tr>
<tr>
<td>Systems Awareness</td>
<td>56%</td>
<td>92%</td>
</tr>
<tr>
<td><strong>Reactive Dimensions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protecting</td>
<td>59%</td>
<td>23%</td>
</tr>
<tr>
<td>Complying</td>
<td>51%</td>
<td>19%</td>
</tr>
<tr>
<td>Controlling</td>
<td>63%</td>
<td>38%</td>
</tr>
</tbody>
</table>

The largest divergence between the most and least effective cultures on the creative dimensions was for Relating and on the reactive dimensions was for Protecting (characterized by distance in relationships). Taken together, this finding suggests that concerted efforts at developing relational skills may well serve the industry as a whole.
LEADERSHIP – The Next Productivity Frontier

IMPACT OF EFFECTIVE LEADERSHIP

When ELF organization executives were asked in what ways leadership impacts organizational performance, several common themes emerged. First and foremost, leadership influences the culture in which employees work. If leaders foster a culture of teamwork and are focused on developing and empowering employees, then employees thrive and productivity soars. However, if the culture is “stale,” with little trust and no open exchange of ideas, productivity suffers and the ability to retain quality employees decreases.

Leadership sets the strategic direction for the organization. Leaders who create a compelling vision, clearly communicate and engage workers around expectations, and ensure that there is alignment throughout the organization increase the achievement of organizational objectives and long-term results. When leaders do not have a clear understanding of where the company needs to go and/or how progress will be measured, they end up leading from a “firefighting mentality” that drains resources and creates a demoralizing environment.

Leadership is one of the core drivers of organizational economic growth and positioning in the industry. Leaders who stay alert to shifts in the market and are sensitive to customer/shareholder needs can adapt to changes, solve problems quickly, and balance resources to meet customer needs. Leaders who are resistant to change, are unaware of current market trends, or lack a customer focus often operate from a “survival” mode and this in turn results in little growth and may ultimately spell the demise of the organization.

Leadership either reinforces or devalues the organization’s values by the example that is set. Leaders who are good role models inspire others to strive for excellence and continuous improvement. When leaders do not adhere to the organization’s values, it increases distrust and diminishes unity, often resulting in a lack of accountability and mediocre organizational performance.

Lastly, leadership is responsible for developing future leaders. When leaders take the time to identify potential leaders and develop that talent (often growing this talent internally), they ensure the sustainability of the organization. When leaders do not engage in succession planning they create a leadership void that overburdens the few existing leaders (running the risk of burn-out or low productivity) and that discourages the retention of quality talent who may see the lack of opportunity for advancement as a reason to seek employment elsewhere.

Executives were also asked to rate the current level of impact their respective leaders were having on their organization’s performance. The following graphic illustrates their responses.

On average, across all organization types and sizes, leadership impact was viewed as strong but with room for improvement. Executives of captives and independent organizations rated leadership impact a 7, while bank executives rated leadership impact slightly higher (average of 7.6). Executives from ELF service providers were also asked to rate their leadership and they provided an average rating of 6.7. In addition, executives from large lessor organizations rated impact slightly higher (average rating of 7.6) than those from mid-sized organizations (average rating of 7.4), whose ratings were slightly higher than those from small organizations (average rating of 6.9).
Correlation of Leadership Effectiveness with Impact on Organizational Performance

We correlated the impact ratings that executives gave with the leadership effectiveness ratings for those organizations that participated in the Leadership Culture Survey. The results, although perhaps not surprising, underscore the productivity advantage that effective leaders create, as illustrated in the next graphic.

The correlation is quite strong ($r = .73, p < .002$) and suggests that leadership effectiveness accounts for 53% of the variance in impact on organizational performance. To further understand the relationship of leadership effectiveness and organizational performance, we analyzed the impact (based on documented organizational indicators and perceptions of executives) of the most and least effective ELF leadership cultures to determine where there were differences. Those areas of impact that distinguished more and less effective leadership cultures are listed on the next page.
LEADERSHIP – The Next Productivity Frontier

- **Adaptability** – Executives of the most effective leadership cultures reported that their leaders were innovative and could adapt quickly when a new direction was required; whereas the majority of executives of the least effective leadership cultures reported that their leaders were slow to respond to changing conditions.

- **Communication effectiveness** – According to executives, leaders in the most effective cultures engaged in frequent and candid communications, keeping all individuals in the organization well-informed; whereas leaders in the least effective cultures were not authentic or transparent in their communications and often hid results from the rest of the organization.

- **Customer focus** – A majority of the most effective leadership cultures collect and use customer satisfaction data to make decisions and had received either high ratings or citations/accommodations from outside agencies for their quality customer service. Whereas, the least effective leadership cultures infrequently or never formally collect customer data, and when they do, the results are often inaccessible.

- **Employee satisfaction** – Ratings of employee satisfaction (usually generated through surveys) for the most effective leadership cultures were quite high (ranging in the upper 90%-95% of the possible rating scales). Much of the employee satisfaction data for the least effective leadership cultures were “unavailable,” but when findings could be located, they ranged lower on average (80%-85%).

- **Growth in revenue** – The average increase in revenue (from 2012 to 2013) was 11% for the most effective leadership cultures and 2.7% for the least effective leadership cultures.

- **Productivity** – Executives of the most effective leadership cultures reported that workers were empowered and consistently achieved good results without direct supervision; whereas executives in the least effective leadership cultures reported that results were not always achieved or achieved at a rate too slow to meet market demands, often as a result of leaders micromanaging the work.

- **Quality of leaders** – Executives in the most effective leadership cultures more often reported that leaders at all levels of the organization were “high quality” and having an impact as compared to their counterparts in the least effective leadership cultures, which often reported that only the leaders at the top were effective and that middle management lacked the skills to positively impact the organization.

- **Succession planning** – Executives in the most effective leadership cultures reported having “leaders in the pipeline” and actively working to assess and grow talent; whereas executives in the least effective cultures reported having no succession plan.

- **Turnover** – The turnover rate (measured as any employee separation) in the most effective leadership cultures averaged 2.98%, whereas the turnover rate in the least effective leadership cultures averaged 5.67%.

- **Unity** – A majority of the effective leadership culture executives reported good unity within the culture and close integration of the leadership team; whereas nearly half of the least effective leadership culture executives reported the culture as being “fractionated,” with leaders who were working in silos.

### Challenges to Leadership’s Impact on Organizational Performance

ELF leadership performs in a complex and challenging environment that influences the impact leaders have on the organization. As many executives noted, leaders with stronger skills and resources are more likely to overcome the challenges in a way that helps the organization “weather the storm” or even embrace opportunities to improve upon “business as usual.”

Some of the specific challenges that executives reported include:

- The recession of 2008, when many organizations saw a dramatic loss in revenue due to the economy.
- Company acquisitions that often result in mergers of distinctly different cultures that are not well aligned.
- Ongoing changes in regulatory requirements and accounting rules that impact strategy.
• Reliance on outsourced vendors and providers that leaders don’t directly interact with (particularly in smaller organizations).
• A lack of resources to internally develop leaders or offer a wide range of development opportunities.

DEVELOPING EFFECTIVE LEADERSHIP

The finding that effective leadership has a profound impact on organizational performance, coupled with the finding that current ELF leadership is not as effective as the industry desires, accentuates the need to identify and implement those practices with the greatest likelihood for growing leaders. To determine these “best practices,” we asked the executives from the various lessor organizations to provide us with feedback about what they currently do, and then we generated the common themes for the most and least effective leadership cultures and analyzed where the themes diverged.

In many instances there were practices that were common to both the most and least effective leadership cultures and it should not be construed that these practices are unimportant. However, attending to those practices frequently engaged by the most effective leadership cultures, and missing (or where the substance and quality are quite different) within the least effective leadership cultures, provides direction for what could and perhaps should be added to common practices.

Commitment to Leadership Development

For half of the organizations in this study, leadership development is encouraged and supported but not formally required. There are differences depending on type and size of the organization, as illustrated in the next graphic.

![Frequency of Organizations Requiring, Encouraging, or Simply Recommending Leadership Development](image)

Perhaps not surprisingly, the most effective leadership cultures strongly encourage and support leadership development with nearly half requiring development; whereas a third of the less effective leadership cultures leave it up to individual leaders as to whether or not they pursue development further.

Leadership Development as an Organizational Priority

Leadership development is becoming an increasing priority among ELF organizations. Several executives mentioned that it is relatively new to their list of priorities and that its importance is increasing as the organization grows. Most executives (86%) report that leadership development is one of their “Top 10” priorities, with several suggesting that it is their Number 1 or Number 2 priority, as indicated in the accompanying graph.
Leadership development was consistently ranked in the “Top 5” for the most effective leadership cultures, whereas it was often ranked lower or was not a priority for the least effective leadership cultures. In the organizations where it was not a priority, executives claimed that leaders were too busy reacting to other needs (e.g., creating the company infrastructure and carving out a niche in the marketplace) to focus on leadership development. Ironically, by not focusing on developing the creative competencies of these leaders, there is a greater likelihood that the leaders will continue to “react” to the industry rather than creatively evolve the industry as well as their own organization.

Further evidence of the priority of leadership development comes from analyzing performance review requirements. Nearly half (45%) of organizations directly make leadership development a formal part of their performance reviews. Another 20% report that leadership development flows indirectly into reviews by virtue of leaders exhibiting better qualities that result in stronger reviews and that this in turn can encourage leaders to address professional development, although it is not required that they do so. The least effective leadership cultures are three times less likely than the most effective leadership cultures to formally or informally reference leadership development in performance reviews. Further, in two-thirds of the most effective leadership cultures, leaders are required to create individual development plans and are held accountable for the progress that they make against these plans. Executives in these organizations suggest that formally reviewing a leader's strengths and deficiencies in light of how they can improve opens opportunities for growing and taking on further leadership roles. Without this focus, executives suggest that reviews tend to become “one size fits all,” where the same performance review is given for someone that has been with the company for 6 months or 5 years, and this discourages growth in new areas. This finding illuminates a high-leverage opportunity to capitalize on the review process to identify opportunities and foster growth among up and coming leaders.

When executives were asked why professional development was important to their organization, four common themes emerged and are listed below.

- **Essential for good succession planning** – Growth in the business requires new people to take on leadership roles, and to be successful, they need to have the appropriate leadership skills
- **Improves individual performance** – Creates high quality leaders who are more successful in running the business and creating long-term sustainability
- **Creates an effective culture** – Developing teamwork skills and support networks creates an environment where employees thrive
- **Increases talent retention** – Development affords the opportunity to engage the “best and brightest” and lets them know that they are valued

**Investment in Leadership**

Effective leadership development requires an investment of time and resources. The most effective leadership cultures have incorporated development as an integral part of the business, including creating a line item for development in the budget and providing numerous opportunities for employees to engage in development activities.

The percentage of operating expense that organizations budget for professional development (not including tactical training and other performance improvement initiatives) ranges from less than 1% to a high of 5%. In a few organizations, development expenses were not tracked and so it was not clear the level of investment that was being made. In some
instances, these monies come out of operations, but in other instances they come out of discretionary funds.

The average percentage of budget spent on professional development was not significantly different for organizations of varying type or size; nor was it different for the least or most effective leadership cultures (with the exception that none of the most effective leadership cultures were investing less than 1%). This finding suggests that it is not necessarily the size of the budget, but rather what is done with the budget, that influences leadership development.

For the majority of organizations (60%), the budgets for development were projected to increase (at least slightly) this next year; for the other organizations, the budget was projected to stay the same. The projected increase was due in part to growth and/or expansion of the company, as well as an increased focus on leadership as a way to create a competitive advantage.

When asked how much time leaders spend in professional development per year, on average, executives estimated that leaders spent about seven days engaged in development activities, with some cultures spending much less time and some spending much more, as indicated in the next graph. Leaders in smaller organizations engaged in fewer development days on average (6.0) compared with leaders in mid-sized organizations (7.8) and large organizations (8.2). The executives of several of the smaller organizations suggested that there were not enough resources (human or financial) to afford more development opportunities. Although not directly assessed, there was evidence that companies with especially young talent were likely to engage in more days of training than those organizations where the median age was close to 50. In addition, leaders in the most effective leadership cultures engaged on average in three times the amount of development compared with leaders in the least effective cultures (15.1 days and 4.8 days, respectively).

There were also differences in the time spent on development for different levels of leaders. In half of the organizations, senior leaders engaged in more development based on the supposition that they required more skills. However, in one instance top leaders received less training than others to help build the capacity at the lower levels. In 20% of the organizations, the amount of development was different based on the types of jobs and responsibilities. In 15% of the organizations, employees who show leadership potential are provided more, and accelerated, development opportunities. These variations occurred even in the most effective leadership cultures; however, one consistent finding was that regardless of the number of days of training, all leaders in the most effective leadership cultures received at least some leadership development from the senior leadership team to division heads, supervisors, and team leaders.

**Current Professional Development Practices**

Some organizations have a formal leadership development strategy and goals while others just “fly by the seat of their pants.” As the accompanying graph illustrates, most organizations (67%) have yet to formalize a strategy. However, 10% are currently in the process of doing so and 19% have accepted practices and/or a set of materials that leaders can access for development purposes. Of those leadership cultures that have a formal strategy and goals, about a fourth (29%) report that they are regularly reviewed and discussed with employees so that everyone is aware of the expectations.
Captives were more likely to have a formal strategy than banks and independents, and larger organizations were twice as likely to have a formal strategy as were small or mid-size organizations. The most effective leadership cultures had either a clearly articulated development strategy or widely accepted practices; whereas, the least effective leadership cultures had not addressed strategy or had no organization-wide goals. Where no strategy exists, leadership development is often provided on a "catch as catch can" basis with no unified focus. The net result is that some individual leadership development needs may be met, but these may occur at the expense of the collective needs of the organization.

**Development Approach**

Most organizations use some combination of internal and external training, as illustrated in the next graphic. On average across organizations, 54% of professional training is outsourced to external services (typically consultants) rather than conducted in-house. The exception occurs for smaller organizations where there are not enough internal resources to dedicate to training and so they must rely exclusively on external training partners. Larger organizations are more likely to have dedicated training departments or functions (often located within the human resources division) and thus, offer a larger percentage of training in-house.

In addition, on average the source of training varies according to the levels of leadership, with upper level training much more likely to be outsourced (80%) than lower level training (43%). Several executives mentioned that higher level skills and deeper level development require facilitators with the expertise that is less likely to be found internally. Organizations that are part of a larger corporate structure (e.g., bank-owned companies) often have access to highly-structured leadership training programs; however, only about half take advantage of these programs. Those who do not participate in these programs suggest that they are not sufficiently relevant to the leadership needs in their organization and/or that they focus more on operational or corporate issues as opposed to leadership skills.

The types of development opportunities offered are provided in the next graph. As can be seen, the most frequently used approach is "action learning," which is a type of team-based problem solving approach that promotes curiosity, inquiry, and reflection and most frequently occurs within the context of "doing the job." The least frequently used approach is "experiential training," which involves simulations or other hands-on opportunities to collaborate on activities (e.g., ropes courses) that are intended to develop underlying leadership skills. Although they are not currently using it, several executives expressed an interest in trying this approach.

**For the more deliberate, intensive development we wanted, it meant going to an outside company.**

The corporate and industry programs are more focused on dealing with specific issues as opposed to becoming more effective leaders – and that is what is really important.
Professional workshops and seminars include those offered through ELFA, and 30% of lessor organizations make some use of these, with 15% using them often. Service providers also use ELFA training – particularly the introductory course to help understand the industry and its needs.

Rotational exposure involves providing leaders with exposure to multiple job areas within the organization (for example, credit managers may spend time in the collections department or sales people may spend time in operations). Relatively few organizations use this approach extensively, and organizations use this approach for different reasons. Some organizations offer this opportunity to individuals early in their careers as a way of helping them find the “perfect fit” in the company. Some organizations use this approach as a “career ladder” to identify strong candidates for positions and then promote from within, or to provide a path for change for individuals who feel they have “maxed out” their potential in a particular area. Other organizations use this approach to create stronger collaborative and integrative skills in their leaders and/or to develop an appreciation for how processes interconnect. Smaller organizations may do this more organically as there is a need for managers to oversee work in multiple areas. At the same time, smaller organizations may not have as wide a range of rotations, with exchanges typically occurring between two related departments. Finally, some organizations use cross-functional teams rather than placement in

Rotational exposure is more extensive than in the past and occurs all the way up the organization. Some employees welcome the opportunity and pursue learning new jobs, while others are reluctant, but we encourage them to do it. We want people to get out of their comfort zone.

We have an executive sponsor program in which executives get involved with customers. Our staff then can see how executives interact with customers. It is a great learning experience for all.

We focused on self-awareness and making good decisions at multiple levels of leadership. We concentrated our efforts on both the senior leadership team and lower level leaders and then began to link the activities between the two groups so that the whole organization was focused on collective leadership and leadership practices.
a different department as a way of creating broader exposure to the business and interconnections between departments.

The "other" category (in the graph above) includes one-on-one reviews with leaders, lunches, roundtables, and town hall meetings focused on leadership. The frequency of these approaches may be underestimated, as executives were not directly asked about these approaches, but simply volunteered them in response to the question, "Are there other approaches that you use?"

Peer Coaching and Mentoring approaches were used much more frequently in the most effective leadership cultures than in the least effective leadership cultures. This finding suggests that the interpersonal approach may be particularly effective for reinforcing learning and holding others accountable for achieving development goals.

Individual training in the most effective leadership cultures is often combined with a 360° assessment of leadership strengths and challenges so that the training can be tailored to the specific development needs of the individual. Further, individuals are encouraged to develop a personalized plan for building upon their strengths and addressing their challenges.

Group training in the most effective leadership cultures focuses on creating “collective leadership effectiveness.” The emphasis here is on all levels of leadership receiving training on competencies that are core to the organization’s success. In some instances, this group training occurs through a cascading of training in which one level of the organization trains the next level, and they in turn train the next level, until training reaches the front-line employees.

**Content of Professional Training**
The specific content covered in professional training offered during this past year is provided in the next graph. Clearly many of these topics overlap with the previously discussed competencies contributing to leadership effectiveness. Others focus on more traditional management topics including recruiting and developing talent and restructuring roles. However, with the exception of the training sessions focused on operational issues and practices (which may have less direct bearing on leadership development); none of these areas were consistently covered across organizations.

**Frequency of Lessor Organizations Offering Various Types of Training within the Past Year**

<table>
<thead>
<tr>
<th>Training Area</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability/results management</td>
<td>30%</td>
</tr>
<tr>
<td>Continuous improvement</td>
<td>25%</td>
</tr>
<tr>
<td>Current trends and challenges in the industry</td>
<td>20%</td>
</tr>
<tr>
<td>Improving customer experience</td>
<td>15%</td>
</tr>
<tr>
<td>Inclusion/managing diversity</td>
<td>10%</td>
</tr>
<tr>
<td>Interpersonal skills/emotional intelligence</td>
<td>5%</td>
</tr>
<tr>
<td>Managing people</td>
<td>5%</td>
</tr>
<tr>
<td>Recruiting and developing talent</td>
<td>5%</td>
</tr>
<tr>
<td>Resolving issues/best practices in operations</td>
<td>5%</td>
</tr>
<tr>
<td>Restructuring roles &amp; responsibilities</td>
<td>5%</td>
</tr>
<tr>
<td>Self-awareness/presence as a leader</td>
<td>5%</td>
</tr>
<tr>
<td>Strategic agility (adapting to change)</td>
<td>5%</td>
</tr>
<tr>
<td>Succession planning</td>
<td>5%</td>
</tr>
<tr>
<td>Vision and goal setting</td>
<td>5%</td>
</tr>
</tbody>
</table>
Professional training in the service provider organizations followed a similar distribution. The focus of much of their training was tactical or job-related (e.g., boosting sales). The specific areas of professional training that most closely relate to effectiveness of leading in the ELF industry were focused on creating collaborative relationships, negotiating, communication, ELF industry market trends, and customer service.

Satisfaction with Development Efforts
Most executives (79%) were at least moderately satisfied with the development efforts in their organization, as indicated in the next graph. However, more than half (59%) of these executives suggested that there was room for improvement. In addition, nearly a quarter of all the executives were not satisfied with development efforts and suggested that their organization needed a formal program of development with additional development opportunities.

Those who were very satisfied reported that development efforts not only increased the effectiveness of individual leaders (e.g., a person’s decision making skills improved) but that it had also resulted in collective improvements in communication (leaders were more effectively communicating with each other) and commitment level of staff. Executives in two organizations reported that leadership development increased employee satisfaction and led to low turnover rates.

Although most executives suggested that their organization’s development efforts were having an impact, only 74% actually measure the success of these efforts (either quantitatively or qualitatively). The specific methods used to evaluate development outcomes are presented in the next graph.

Many of the measures currently used assess leadership impact (e.g., business growth) as opposed to leadership effectiveness (the competencies that create impact), or program-specific outcomes (e.g., extent of learning). The most effective leadership cultures used a combination of measures to understand what components of a program are working well and where the program needs to be revised, and to identify the specific strengths or weaknesses of leadership contributing to impact. Understanding exactly how leaders are improving (or not improving) helps to focus future development efforts with more precision than an impact finding can. Further, measurement of specific skills and behaviors encourages leaders to take ownership for their own development and to solicit and provide targeted feedback, thereby increasing accountability for performance.

According to executives, the reason that many organizations do not conduct direct and quantitative measurements of program outcomes and individual performance is because they are not sure what to include in these assessments. Most of the organizations that do use these measurements depend on external partners (e.g., consultants) to design and/or conduct the assessment. Qualitative assessments of leadership skills were more often conducted internally, typically as part of performance reviews.

Further, the frequency with which development outcomes were assessed varied between organizations. The most effective leadership cultures assessed their leadership quarterly or annually; whereas in the least effective cultures, leadership was typically assessed every three to five years, or not at all.
Challenges to Leadership Development

When ELF executives were asked what was the main challenge they faced in offering leadership development, two common themes emerged. For many, determining what to focus on in leadership development and where to begin presents a significant challenge. The plethora of programs and training options available serve to increase the ambiguity of what will be of most benefit to their leaders. In addition, several suggested that foci and approaches that were part of their own leadership development may not apply to millennials, who enter the workforce with a different set of skills. This challenge is exacerbated when organizations do not measure leadership effectiveness, and so executives are left with little insight on the gaps in leadership competencies that might help them make decisions about where to direct development efforts. Further, some executives reported that they were uncertain as to which leadership competencies were necessary for success in the industry (a problem for which this study provides some answers).

The second major challenge many organizations face is ensuring that employees with the potential to lead are identified and encouraged to participate in leadership development programs. Several executives mentioned that it is more costly to hire leaders from outside than to develop them from within, but also that not all employees are interested in or have the potential to pursue leadership positions. To overcome this challenge, current leadership must develop skills in talent awareness – an especially useful but under-utilized part of the interview process – and ensure that leadership opportunities are rewarding. Executives of organizations that have been successful at this suggest that providing recognition for those who pursue leadership career tracks, and rewarding those leaders who show progress in their development, are two key ways of ensuring a robust leadership development program.

**Development is the most difficult task we have and we are constantly working on it.**

There are people who aren’t going to end up being a leader. They don’t exhibit potential or want that. You have to identify those on a leadership path and then provide them the opportunities so that they can pursue the path.

**Our employees nominate peers for an award, which is given to the employee that best demonstrates professional leadership. The winner is honored at a company dinner at which time comments from peers are read.**

We encourage leadership growth by recognizing potential leaders with titles, giving them information first, getting them networked with others in the industry, allowing them to buy stock in the company, and compensating them directly according to the company’s overall performance.
THE FUTURE OF ELF INDUSTRY LEADERSHIP

The future of ELF industry leadership looks very promising. More and more leadership cultures are focused on leadership and how to develop effective leaders. If leaders are willing to put the time and effort into developing their creative competencies, they will be able to manage the challenges that the future holds, ensuring that the industry (and their organizations) can sustain long-term productivity.

Challenges Leadership Must Address to be Successful in the Future

Both lessor and service provider executives were asked about the challenges leadership will need to address to ensure the future success of their organization and the industry as a whole. Three common themes emerged.

Leading in a Changing Environment

Leaders must creatively adapt to an ever-changing environment while maintaining a long-term perspective that will allow the organization to achieve strategic objectives. Some of the changes that leaders need to anticipate and build a strategy for managing include:

- Constantly evolving technology
- Shifting regulatory requirements and legislation
- Commoditization – and finding the right niche
- Globalization and a global economy
- Customer desire for nimble and non-traditional firms that can offer innovative, cutting-edge services in addition to traditional financing
- Acquisitions and mergers (including transitions from independent to bank-owned)
- Continued underpricing of services by some organizations

Attracting and Retaining Qualified Talent

Leaders need to have a plan for attracting, retaining, engaging, and developing a workforce that can productively deliver. Some of the difficulties that leaders will need to address include:

- Rapid growth
- Potential employees have little knowledge about the industry and therefore may not naturally gravitate to ELF organizations
- Employee training will need to include appropriate grounding in the industry
- Structuring/restructuring roles and responsibilities so that the right people are in the right job
- Providing sufficient development opportunities to create high-capacity workers
- Other organizations luring away the “best and brightest”
- Adapting the current culture to incorporate and build upon the different skill sets the newer generations bring to the business (e.g., use of social media for communications)

The Generational Leadership Gap

Because there has not always been an emphasis on internally developing leaders or succession planning within a majority of ELF organizations, there now exists a generational gap between the most capable leaders who are 50+ and the bulk of the workforce who are younger. With the baby boomer exodus looming large on the horizon, these organizations may find that the gap quickly turns into a leadership void (with an accompanying loss of core knowledge necessary for running the business). If these leadership cultures are to remain effective, they will need to turn their attention to closing the gap. Some possibilities worth considering include:

We need to develop leaders who are aware of what’s going on in the industry and can anticipate change.

There are few innovators at the top level. They are trying to make the train run on time but are only looking at trains this week. They need training on looking into the future.

The industry is much more commoditized than it should be; everyone has exactly the same products. We need more “blue ocean” thinking – leaders who can think about where no one else is fishing and figure out how to get there.

Our greatest challenge is to educate people on the leasing business… Young people don’t know much about the industry.

In the ELF industry, we are seeing a gap of leadership. I’m not sure what it will take to fill that gap. When I look at my own bench strength and what would happen if my two directors leave, I wonder who I could put into these positions. I would be hard pressed to find somebody at that maturity level.

Hiring and retaining people is a constant and age-old issue, but will be an increasing concern because the ELF industry is aging. It is made up of many old timers … we must attract more young people.
LEADERSHIP – The Next Productivity Frontier

- Develop and move managers/supervisors (who are in their 40’s) into larger leadership roles.
- Begin a mentoring program where top leaders mentor junior leaders.
- Identify potential leadership talent and enroll them in an accelerated leadership development program.
- Encourage the networking and participation of younger leaders in industry-level opportunities (e.g., conferences, ELFA committees).
- Focus more of the professional development efforts with lower-level leaders on the leadership competencies that have been shown to have the greatest impact on organizational performance and/or are known to be areas of current weakness. Executives pointed to several specific skills that they suggested the younger generation may lack, including:
  - effective communication skills (e.g., business writing)
  - collaborative skills
  - visioning
  - future orientation and long-term planning
  - continuous improvement
  - team building

We give lip service to the future. There is an industry future council, but those attending have always been the same people – old, white men. Opening up the council to the evolving generations would allow the younger people to become game changers. This would help because they think differently than those who have remained at the top for years. A lot of time current leadership doesn’t move new thinking to the top. At the top, if you don’t ask the right questions, you don’t find meaningful answers.

Leadership’s Ability to Manage Ongoing and Future Challenges

Executives from each of the organizations interviewed as part of this study were asked to rate their confidence in their leadership’s ability to manage ongoing and future challenges in two key areas: human capital and the changing landscape of the ELF industry. Executives were also asked to identify the factors that might influence leaders’ abilities in these areas and those that kept the executive from being completely confident.

Executives were moderately confident (6.5 on a 10-point scale) that their leadership was capable of managing human capital needs. The factors executives mentioned that may influence their capability include:
- Lack of industry appeal/awareness. There is a perception that the younger generation finds the ELF industry less attractive than other industries. Whether or not this is due to a lack of knowledge or experience in the industry, it presents challenges in recruiting and perhaps initially retaining individuals who may be lured by the “flash and glam” of other more well-known industries.
- Budget constraints may limit both the number of available positions and the compensation or incentives that can be provided.
- The baby boomer exodus emphasizes the importance of hiring and retaining millennials.
- Some organizations are experiencing a lack of good candidates for leadership positions.
- The competitive marketplace has sometimes resulted in good leaders being “snapped up” by other organizations.
- Quick growth within a company adds to the challenge of filling positions.
- Lack of a dedicated HR department/director who can oversee hiring and training may limit the organization’s effectiveness in recruitment and retention of quality talent.

Executives were more confident (8.1 on a 10-point scale) that leaders would be able to manage the changing landscape of the ELF industry. Executives were also quick to point out that success in this area was highly dependent on leaders being creative, innovative, flexible, resilient, nimble, and aware of the changes. Most executives felt that their leadership was highly capable because they shared a common vision, set high standards, focused on continuous improvement, were highly motivated, and could use their experiences from the past (well-seasoned). This finding underscores the importance of experienced leaders sharing their knowledge with rising leaders so that the capability to adapt to change remains strong.

Furthermore, executives of the most effective leadership cultures had more confidence (average = 8.5) in the ability of their leadership to adapt to change than executives of organizations with less effective leadership cultures (average = 7.7). This finding supports the earlier assertion that the creative competencies of effective leaders help the organization to solve problems faster. In addition, the highly reactive style of less effective leaders, particularly in terms of their conservative approach to leadership (including avoiding risks), limits organizational innovation.
Ensuring Sustainable Productivity

This study revealed that within the ELF industry, there is a relationship between the quality of leadership development and the level of leadership effectiveness. There is also a relationship between the level of leadership effectiveness and the magnitude of organizational productivity. ELF organizations that have a high quality of leadership development are more likely to grow competent leaders, and leaders who possess strong creative competencies are more likely to foster a thriving culture in which productivity soars.

High quality leadership development begins with a strong commitment. Executives in those organizations that have the best leadership development have made professional development one of their Top 5 priorities and have invested time and resources so that all leaders in the organization (regardless of function, position, or tenure with the organization) receive training. The training itself is informed and intentional using feedback on leadership performance to develop a strategy and goals, not only for individuals, but also for the collective leadership as a whole. Using multiple approaches, with a heavy emphasis on Peer Coaching and Mentoring, leaders with the most effective cultures share their knowledge with one another, provide feedback to one another on the progress being made, and celebrate successes in achieving goals.

These findings suggest that most ELF organizations would benefit from creating a sound development plan and this requires that the organization understand where the current strengths and challenges of its collective leadership reside. The Leadership Culture Survey described in this study offers one possibility for assessing these needs. ELF leadership may also want to consider using the help of external partners in designing (and possibly delivering) their leadership development. These external partners should be experienced in the best practices that contribute to ELF leadership effectiveness and should be briefed on the leadership qualities that are most important to success in the ELF industry (as identified in previous sections of this report).

As leadership effectiveness improves, organizations will become more competitive in securing capital (both human and financial) and finding solutions to the often complex and volatile problems that occur within the ELF industry.

Future Research

This study surfaced important insights into ELF industry leadership and provided preliminary recommendations for areas that organizations should focus on to improve leadership effectiveness. It also prompted several additional questions, which if answered, will help to clarify the best direction forward for the industry as a whole. Specifically, future research should study the underlying causes for the specific gaps existing between actual and ideal leadership performance, and should track leadership effectiveness over time to determine whether these gaps are widening or closing and why.

Findings from this study suggest that the most effective leadership cultures ensure mentoring and development for all employees within the organization (not just those in leadership positions), providing an empowered workforce that productively achieves results. Future research efforts should be devoted to determining the scope and nature of this type of development and how it aligns with the development of leaders. In particular, this research should identify which specific behaviors and skills associated with leadership competencies are important for the development of all employees and what corresponding organization-wide development goals will be important to pursue to ensure that the vision and values of the organization are achieved.

Finally, the findings in this study suggest that there are some notable differences in the leadership development approaches and outcomes for small versus large ELF organizations. These differences should be explored further to determine how best to meet the challenges of the unique environments that are associated with both types of organizations while still providing the quality of training necessary for developing effective leaders. For example, it will be important to know how large companies with multiple offices manage training so that everyone is focused on the same leadership goals.
and alignment with the overall vision is maintained, as well as how small companies with remote locations or few employees can ensure that leadership mentoring and peer coaching still takes place. Some of the corresponding research questions might include:

- To what extent is training at each location focused on common goals and to what extent is it focused on the specific needs of the office in that location?
- Is training conducted at a central location that all leaders travel to or is the same training repeated at each site?
- How can technology facilitate remote mentoring, peer coaching, and accountability?
- How do companies with global offices adjust training for cultural differences?
ACKNOWLEDGEMENTS

We would like to thank the Executive Director of the Equipment Leasing & Finance Foundation, Kelli Nienaber, and Foundation Associate, Michelle Fevola, for their diligent work in identifying and recruiting study participants, and for providing project oversight. We would also like to thank the Foundation’s Leadership Steering Committee for their thoughtful review and input on instruments and findings.

Leadership Steering Committee

Christopher L. Kelley
SVP & Credit Executive
PNC Equipment Finance, LLC

Jeffry D. Elliott – Co-Chairman, Foundation Research Committee
Managing Director, Huntington Public Capital
Huntington Equipment Finance

Jon Gerson
President
Executive Solutions for Leasing and Finance, Inc.

Richard D. Gumbrecht – Chairman, Foundation Board of Trustees
Chief Growth Officer
EverBank Commercial Finance, Inc.

Laura C. Osborn
Principal
Crothers HR Consulting, LLC

Scott A. Thacker – Co-Chairman, Foundation Research Committee
Chief Executive Officer
Ivory Consulting Corporation

Last, but certainly not least, we would like to express our appreciation to the executives and leaders in the following organizations for providing us with valuable insights and assessments of leadership in the ELF industry.

Allegiant Partners
Bridge Capital Leasing, Inc.
Commercial Industrial Finance (formerly King Commercial Finance)
CSI Leasing, Inc.
EverBank Commercial Finance, Inc.
Financial Pacific Leasing
First American Equipment Finance
First Star Capital
Great American Insurance
GSG Financial LLC
Hitachi Capital America Corp.
Huntington Equipment Finance
Ivory Consulting Corporation

Kingsbury Wax Bova, LLC
LeaseTeam, Inc.
Lenovo Financial Services
Macquarie Equipment Finance
Mintaka Financial, LLC
Pacific Rim Capital, Inc.
PNC Equipment Finance, LLC
Portfolio Financial Servicing Company
Stryker Flex Financial
TBF Financial
TCF Bank
TCF Equipment Finance
Western Equipment Finance, Inc.
ABOUT THE RESEARCHERS

This study was conducted as a joint effort of Full Circle Group (www.fcg-global.com) and the Worldwide Institute for Research and Evaluation (www.wireinternet.com).

Full Circle Group (FCG) – originally incorporated as Maxcomm, Inc., in 1988 – is a consultative services company that has focused on improving leadership and organizational performance for nearly 30 years. We believe that great leadership is a competitive advantage, and that sustaining high levels of business performance is achieved through effective leadership practices applied with discipline over time. Over the past 30 years, we have partnered with hundreds of businesses, both within the for-profit and non-profit sectors, to develop leaders and their teams and to transform the business, including retooling organizations to perform in a new market or new business model and/or to gear up to deliver a fundamentally new level of service.

At the very core of the FCG approach to leadership is assessment and use of data to inform and track improvements in leadership and organizational performance. In addition, we have commissioned or conducted several studies specifically focused on furthering the fields of leadership and organizational culture research. For many of the research and consulting projects that we have undertaken, we have partnered with the Worldwide Institute for Research and Evaluation (WIRE) to provide the technical expertise and rigor in conducting valid and reliable assessments. WIRE is a consultative firm established in 1978 to provide assessment services to corporations, non-profit foundations, government agencies, educational institutions, and individuals, ranging from technical consulting to designing and conducting comprehensive national and international studies. WIRE has completed over 300 research and evaluation contracts in 23 countries.
Independent, Future-Focused Industry Research

The Equipment Leasing & Finance Foundation
Established in 1989, the Equipment Leasing & Finance Foundation is a 501c3 non-profit organization dedicated to providing future-oriented, in-depth, independent research for and about the $903 billion equipment finance industry.

Future-Focused Research
The Foundation provides comprehensive, forward-looking research for business leaders, analysts and others interested in the industry. Resources include the State of the Equipment Finance Industry report, Industry Future Council report and strategic market studies available at no cost to donors in the Foundation’s online library. www.store.leasefoundation.org

Equipment Leasing & Finance U.S. Economic Outlook
This comprehensive report analyzes global and domestic trends impacting capital spending and economic growth in the coming year. It identifies key signposts specific to the equipment finance industry and features Momentum Monitors that identify turning points for 12 verticals in their respective investment cycles. The outlooks are updated quarterly. www.leasefoundation.org/IndRsrscs/EO

Monthly Confidence Index
Through a monthly survey of the industry’s executive leadership, we’ve established a confidence index related to the equipment finance sector and the U.S. economy. The results provide greater understanding of prevailing business conditions and expectations for the future. www.leasefoundation.org/IndRsrscs/MCI

Journal of Equipment Lease Financing
The only scholarly periodical dedicated to equipment leasing, the Journal spotlights industry research, case studies and trends. Published three times a year, the Journal reaches thousands of professionals, academics, libraries and government and financial institutions. Article contributions are welcome. www.leasefoundation.org/Periodicals/Journal

University and Academic Relations
The Foundation is committed to working closely with academics to further the industry’s body of knowledge. Academics may apply for research grants, write for the Journal and access the entire Foundation library and statistical databases for approved research projects.

Your Support is Vital to the Industry’s Future
The Foundation is funded entirely through corporate and individual donations. Investing in the industry through a contribution is one of the best decisions you can make — and it’s tax-deductible. We value our donors and recognize contributors in print, online and at a distinguished awards presentation. More information on contributing and the current list of donors is available at www.leasefoundation.org/Giving

Stay Connected
Subscribe to the Foundation Forecast – www.leasefoundation.org/Periodicals/Forecast

LinkedIn – www.linkedin.com/groups?gid=89692
twitter – www.twitter.com/LeaseFoundation
facebook – www.facebook.com/LeaseFoundation
YouTube – www.youtube.com/ELFAChannel